




American Rescue Plan
Grant Implementation: Next
Steps – *Determination Analyses*

Kansas Office of Recovery

July 28, 2021

Questions Being Answered Today

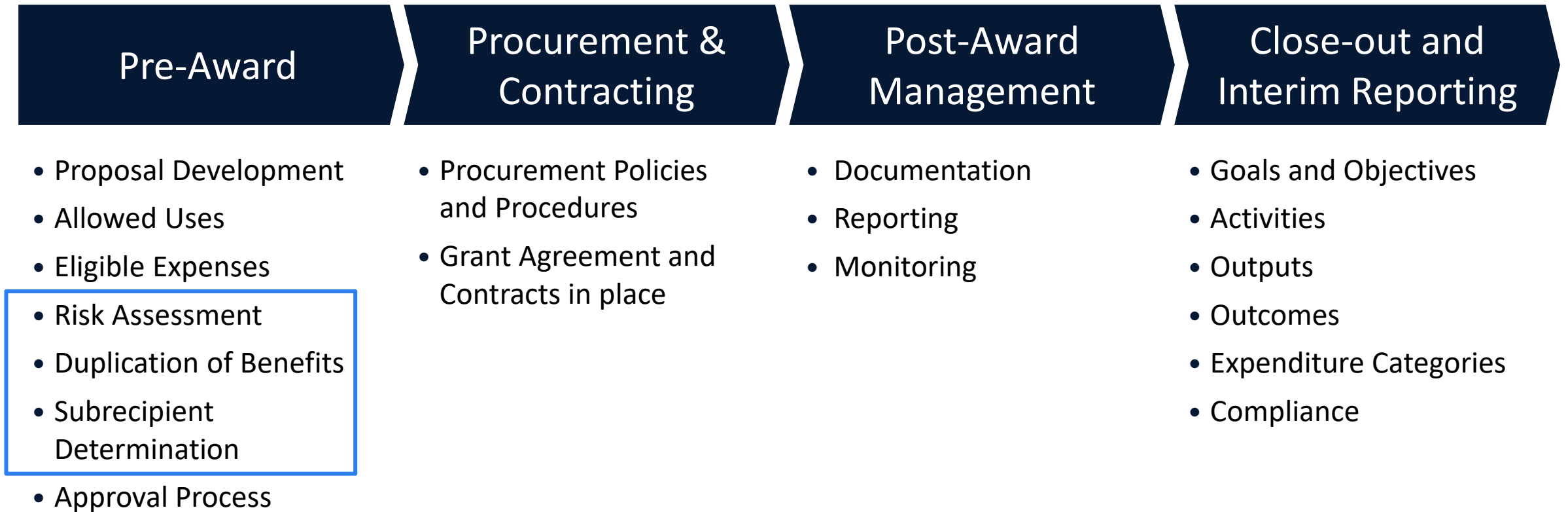
A diagram consisting of three overlapping curved lines: a black line on the left, a blue line in the middle, and an orange line on the right. Three horizontal lines extend from the intersection points of these curves to the right, pointing to a list of three questions. The top horizontal line is black, the middle one is blue, and the bottom one is orange.

1. What to do to perform risk assessment?

2. What process to use for duplication of benefits analysis?

3. What are steps to determine subrecipient versus vendor/contractor?

Program Design Flow



Focus for today



Pre-Award Determination Analyses

1

Risk assessment (for a subrecipient)

2

Duplication of benefits

3

Subrecipient versus vendor/contractor



Risk Assessment

For a subrecipient

Perform Risk Assessment

- 1 Evaluate, document, & classify risk before allocating funds to subrecipient
- 2 Use an assessment tool, similar to the one available online, to determine subrecipient's level of risk (e.g., high, medium or low risk)
- 3 Consider actions to manage and mitigate risk of subrecipient



Risk Assessment Tool

The *Risk Assessment Tool* includes **14 questions to answer**:

- Certain answers may lead additional questions to further evaluate the level of risk
- *Example:* Question 13 confirms the potential subrecipient (e.g., applicant) has been subject to a financial statement audit in the last 24 months with two findings. To consider impact of the two findings to an ARPA funding allocation, a request for details on the findings can be made
 - The severity of these findings should be considered as Material Weaknesses have a bigger impact than Significant Deficiencies

Risk Assessment Tool Available to Use

Risk Assessment Tool					
Grantee Name:					
Grant Program Name:					
Grant #:					
Grant Amount:					
Grant Period:					
Monitor Period:					
Date of Review:					
Date of Last Review:					
#	Question	Points	Assessment	Score	Comments
1	Did the applicant have any audit findings received within the past 5 years? If Yes, How many, and nature of finding(s).	1		0	
2	Has the applicant's management system (technology or other) been changed in the last 12 months?	1		0	
3	Any changes to the key staff instrumental in the funds process or generally?	1		0	
4	Is the applicant debarred, suspended, or show delinquent federal debt in Sam.gov?	1		0	
5	Does the applicant accounting system segregate expenditures by funding source?	1		0	
6	Does the applicant have documented procurement policies in alignment with the procurement regulations of 2 CFR Part 200?	1		0	
7	Does the applicant have the capacity to manage and implement federal regulations including 2 CFR 200 and other specific federal regulations pertaining to items such as (segregation of duties, cash handling, contracting procedures, and personnel and travel policies).	1		0	
8	Does the applicant maintain central file locations for all grants, loans or other types of financial assistance?	1		0	
9	Does the applicant have a Conflict-of-Interest Policy in place and is it documented?	1		0	
10	Does the applicant require, collect and document any expenditure/financial reports from subrecipients, and if so how frequently?	1		0	
11	Has the applicant been consistent/timely with prior program reporting requirements?	1		0	
12	Has the applicant's financial reports for any previous programming been inadequate, inaccurate and/or late?	1		0	
13	Has the applicant been subject to a financial statement audit in the last 24 months. If so were there any findings (if so indicate how many).	1		0	
14	Has the applicant managed federally funded grant programming in the last 24 months?	1		0	
Available Total		14	Total Risk Score	0	
<div> <div> <div>Low Risk</div> <div>Medium Risk</div> <div>High Risk</div> </div> <div> <div>Less than 4</div> <div>Between 4 - 11</div> <div>Greater than 11</div> </div> </div>					

Risk assessment tool will be made available online



Risk Assessment Scenarios

With the *Risk Assessment Tool*, the answers to the 14 questions will **result in a total score to determine level of risk**

Scenario 1: A private funded school offering COVID-19 vaccination clinics for students, parents, and faculty has submitted a proposal to expand its clinics to the community.

In performing the risk assessment, findings show the private school has not received federal funds or grants in the past five years and does not have a procurement policy or adequate internal controls to manage and operate clinics.

The private school is determined to be a high risk in need of additional requirements and detailed documentation to lessen risk in advance of award.

Scenario 2: An economic development agency requests award to develop and implement a post-COVID workforce training and job placement program.

Risk assessment is performed, and the agency is determined to be a low risk.



Duplication of Benefits

Duplication of Benefits Analysis

Recipients of federal funds must have strong internal controls (e.g., process and procedures) in place prior to awarding funds to subrecipients (e.g., applicant).

Additional steps to be taken by recipients awarding funds to subrecipients include:

Verify that the potential subrecipient or contractor is not listed as debarred or suspended on SAM.gov or as applicable the Office of

1 Foreign Assets Control lists.

- Entities and persons found on these lists are ineligible to participate in federally funded programs

Perform a Duplications of Benefits (DOB) check

2

- A DOB occurs when an entity or person receives funds from various sources for the same purpose and in excess of the total amount needed
- If a DOB check is not performed, the recipient must require that subrecipients complete a DOB Certification form for their records

Duplication of Benefits Table

Duplication of Benefits Check

Funding Sources	Amount Received	Unmet Need
Insurance proceeds	Minus Amount	
Charitable contributions	Minus Amount	
Non-Profits	Minus Amount	
Other Funding sources (list all)	Minus Amount	
Total Amount received	XXXX	XXXX
Balance		XXXX***

***If the balance is greater than zero then a duplication of benefits exists

Duplication of Benefits tool will be made available online

Duplication of Benefits Analysis Steps to Take

Prior to calculating “sources and uses”, utilize these steps:

Assess need prior to assistance



- Determine subrecipient's (e.g., applicant) total need in the absence of duplicative benefits or program caps
- Follow the identification of total need – duplicative assistance can later be subtracted, and program caps applied for a final award amount

Review total assistance available to the person or entity



- Assess all benefits available – donations, gifts of cash, other resources, insurance proceeds, grants and loans
- Identify future assistance they may receive

Conduct non-duplicative assistance; to exclude from final benefit calculation



- Review any funds provided for a different purpose / non-specific purpose (e.g., COVID-19 relief):
 - Funds provided for same general purpose as ARPA assistance, but used by subrecipient for a different eligible purpose (if documented by subrecipient) are not duplicative
 - Funds not available to subrecipient may be determined by asking if subrecipient has received funds and has legal control over them or will receive funds as result of acting in a reasonable manner
 - Private loans are not considered as potentially duplicative benefit
 - Other assets or lines of credit such as checking and savings account, stocks, bonds, mutual funds, pension or retirement benefits, credit cards, mortgages and life insurance are non-duplicative



Duplication of Benefits Scenarios

Scenario 1: Hospital Surge Nursing Support

With the number of COVID-19 variant cases increasing, primary hospital needs surge in nursing support. A Duplication of Benefits check is performed showing that the surge is FEMA public assistance eligible

When subtracted from all known funding sources, the balance is greater than \$0 meaning there is a Duplication of Benefits

Scenario 2: Individual Housing Voucher Support

The recipient is offering housing voucher support to households. The recipient considers whether each household has experienced negative economic impacts from the pandemic and needs housing support.

Some of the households considered have received cash assistance as surviving family members of COVID-19 victims. The Duplication of Benefits check does not show a duplication of benefits. The balance is less than zero.

The voucher amount is not excessive and provides housing vouchers to individuals who faced disproportionate economic harms due to the pandemic.

Subrecipient v. Vendor/Contractor Determination

Subrecipient

The recipient creates a relationship with a subrecipient when awarding a portion of federal funding received

Characteristics of a subrecipient:

- Determines who is eligible to receive federal funds under program guidelines
- Performance measured based on meeting objectives of federal program
- Responsible for programmatic decision-making
- In accordance with agreement with recipient carries out specific program for a public purpose specified in an authorizing statute
- Does not earn a profit under agreement with recipient
- Contributes cash or in-kind match in support of award

Vendor/Contractor

The recipient creates a procurement relationship through a contract, purchase order, or agreement for the purpose of obtaining goods and services from a vendor/contractor

Characteristics of a vendor/contractor:

- Operates in a competitive environment providing goods and services for normal business operations or to many different purchasers
- Provides goods and services ancillary to a federal program
- May earn a profit through the procurement relationship



Subrecipient v. Vendor/Contractor Determination Scenarios

Scenario 1: Catholic Charities has made a request to receive ARPA funding to develop and implement a community based homeless stabilization program as part of COVID-19 recovery efforts to reduce homelessness.

As a nonprofit, Catholic Charities will make programmatic decisions, provide in-kind match, and meet statutory requirements detailed in an executed agreement with the recipient.

Using the subrecipient v. vendor/contractor checklist, determination is made that Catholic Charities is classified as a subrecipient.

Scenario 2: The health department has seen a spike in COVID-19 cases in recent weeks and needs additional personal protective equipment (PPE) as part of its effort to further mitigate the spread.

After seeking bids and quotes from numerous companies, the health department contracts with 3M to purchase 1,000 units of PPE at \$5.00 each to be delivered on August 15, 2021.

In this scenario 3M is a contractor providing goods and services at a profit. 13



Pre-Award Summary

Summary of Pre-Award Requirements

- 1 Approval process for use of funds and timeline for implementation
- 2 Allowability of Use of Funds determined and documented
- 3 Procurement policies, procedures and internal controls in place to follow
- 4 Perform Risk Assessment determination and Debarment Check
- 5 Complete Duplication of Benefits Analysis and Check
- 6 Make allowability determination
- 7 Determine classification of obligation as subrecipient or vendor/contractor
- 8 Set up data collection and documentation retention process

Local Government checklist will be made available online



Questions